

U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY

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September 23, 2011

The Honorable Gina McCarthy
Assistant Administrator, Office of Air and Radiation
U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, N.W.
Mail Code: 6101A
Washington, DC 20460

Dear Assistant Administrator McCarthy:

As Members of the Committee on Science, Space, and Technology we write in regard to the Environmental Protection Agency's (EPA) Cross-State Air Pollution Rule (CSAPR) finalized on July 6, 2011. We remain concerned about the consequences that the finalized CSAPR will have on the 28 States included in the final rule. As the Committee continues to examine the process, scientific and technical basis, and associated economic and reliability impacts of CSAPR, it is essential that EPA explain certain features of the finalized rule, with a compliance deadline of just over 3 months from now, to those affected.

CSAPR, as finalized, will have significant implications on electricity generation, delivery, and affordability. Specifically, the Electric Reliability Council of Texas (ERCOT), the electric grid operator for the State of Texas, found CSAPR will require between 1,200 and 6,000 MW of generation to curtail operations during certain periods of the year. The recent record demand for electricity this summer in Texas, had it occurred with CSAPR in place, would have resulted in rolling blackouts on multiple days putting the welfare of Texas' citizens and economy at risk. Further, in order to comply with the rule, Texas power generator Luminant announced the need to idle two generating units and cease mining Texas lignite at three mines resulting in the loss of hundreds of jobs. The second largest municipal electricity generator in Florida, the Orlando Utilities Commission, expects that if compliance is required in the short time frame provided for by CSAPR, drastic operational adjustments and possible temporary plant shutdowns may be the consequence.

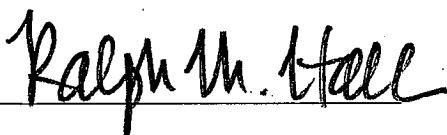
This all coming from one rule while several other new regulations by EPA are on the horizon, including those for sulfur dioxide, particulate matter, mercury, and hazardous air pollutants. These will add up to overlapping compliance schedules and further jeopardize electricity reliability and affordability and local jobs and economies. Additionally, the Federal Energy Regulatory Commission (FERC), statutorily required to protect our Nation's electric reliability, has noted the need for more involvement in the analysis of EPA rules to help reduce the possibility of reliability problems as a result of those rules.

It is our understanding that you have already recognized that technical adjustments to CSAPR may be necessary. We understand that EPA has offered to make adjustments, based on technical information provided to the Agency, resulting in the provision of additional allowances to companies and alterations to States' emissions budgets. In light of this, and the Committee's continued examination of CSAPR we ask that you provide responses to the following:

- 1) Please list and describe all meetings in the last three months with entities affected by CSAPR. Please include a description of any formal or informal commitments or offers the Agency may have made to such entities involving technical or other adjustments to their emissions budgets and allowance allocations under CSAPR as finalized.
- 2) Faced with overlapping compliance schedules and competing regulatory authorities, it is conceivable that electric generating units may, at some point, be subject to conflicting requirements from the relevant environmental authority and the relevant reliability authority. Please provide a description of all meetings and all documents in which the Agency considered or addressed this type of situation. Further, please describe your understanding of the responsibilities associated with an electric generating unit being designated as a "reliability/must run" unit. Finally, please explain to the Committee all interactions with other federal agencies, State agencies, regional transmission organizations or other relevant bodies in which such matters were discussed or considered.
- 3) How much more will electricity ratepayers in the 28 States affected by CSAPR pay for electricity by 2014 as a result of the rule?
- 4) The EPA Integrated Planning Model (IPM) is the basis of the Agency's analysis for CSAPR. Has the IPM undergone an audit other than by the federal government or a contractor for the federal government? As to the assumptions used to generate the projected IPM results for CSAPR, did EPA receive any input from outside the federal government? Is there anyone outside the federal government or the owners of the IPM with a comprehensive understanding of the algorithms, processes, and functions of the IPM and if so is that information publicly available?

Please provide the written responses by no later than two weeks from the date of this letter. If you have any questions regarding this request please contact the Subcommittee on Energy and Environment staff at (202) 225-8844.

Sincerely,



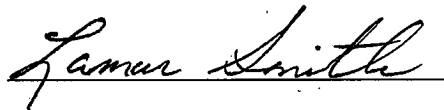
Ralph M. Hall
Chairman



Andy Harris
Chairman
Subcommittee on Energy & Environment



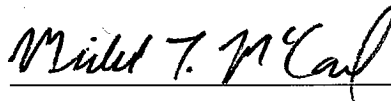
Paul C. Broun




Lamar S. Smith



Randy Neugebauer



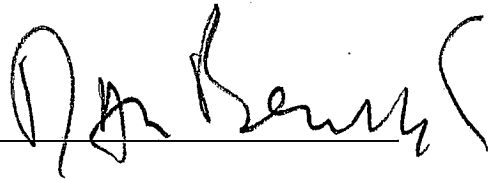
Michael T. McCaul



Dana Rohrabacher



Sandy Adams



Dan Benishek

cc: The Honorable Eddie Bernice Johnson, Ranking Member
The Honorable Brad Miller, Ranking Member, Subcommittee on Energy & Environment